MANITOBA

OPPORTUNITIES FUND

LIMITED

Annual Report

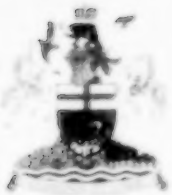
March 2008

Manitoba

MANITOBA OPPORTUNITIES FUND LIMITED

Financial Statements
March 31, 2008

Manitoba



MINISTER OF COMPETITIVENESS,
TRAINING AND TRADE

Winnipeg, Manitoba CANADA
R3C 0V8

His Honour
The Honourable John Harvard
Lieutenant Governor of Manitoba
Room 235 Legislative Building
405 Broadway Avenue
Winnipeg MB R3C 0V8

Your Honour:

I am pleased to present the Annual Report for the Manitoba Opportunities Fund Limited for the fiscal year ending March 31, 2008.

Respectfully submitted,

Andrew Swan
Minister

Manitoba

Competitiveness, Training and Trade
Manitoba Development Corporation
1040 - 259 Portage Avenue
Winnipeg MB R3B 3P4

Honourable Andrew Swan
Competitiveness, Training and Trade
Room 358 Legislative Building
Winnipeg MB R3C 0V8

Dear Minister Swan:

It is our pleasure to submit the Annual Report of the Manitoba Opportunities Fund Limited for the fiscal year ended March 31, 2008, as required by Section 67 of the Financial Administration Act.

Respectfully submitted,

Hugh Eliasson
Chairperson

Auditors' Report

To the Board of Directors of
THE MANITOBA OPPORTUNITIES FUND LTD.

We have audited the balance sheet of **THE MANITOBA OPPORTUNITIES FUND LTD.** as at March 31, 2008 and the statements of income, comprehensive income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
May 27, 2008

Manitoba

Competitiveness, Training and Trade
Manitoba Development Corporation
1040 - 259 Portage Avenue
Winnipeg MB R3B 3P4

THE MANITOBA OPPORTUNITIES FUND LIMITED

MANAGEMENT REPORT

The accompanying financial statements are the responsibility of management and have been prepared in conformity with the generally accepted accounting principles. The statements are examined by BDO Dunwoody LLP, Chartered Accountants, whose opinion is included herein.

To fulfill this responsibility, management maintains internal control systems to provide reasonable assurance that the accounts and records accurately reflect all transactions and that appropriate policies and procedures are established and respected.

BDO Dunwoody LLP have free access to the Board of Directors, with and without management present, to discuss the results of their audit and the quality of financial reporting to the Board.

James F. Kilgour, C.A.
General Manager

Kristine Seier, CMA
Secretary-Treasurer

THE MANITOBA OPPORTUNITIES FUND LTD.
Balance Sheet

March 31	2008	2007
Assets		
Current Assets		
Short-term investments (Note 3)	**$ 19,886,197**	$ 10,154,715
Accrued interest receivable	**10,465**	59,631
	19,896,662	10,214,346
Long-term investments (Note 4)	**133,748,409**	85,854,171
Deferred charges	**6,801,662**	4,430,534
	$160,446,733	$100,499,051
Liabilities and Equity		
Current Liabilities		
Accounts payable and accrued liabilities	**$ 2,015,699**	$ 1,298,693
Current portion of long-term debt (Note 5)	**1,897,286**	-
	3,912,985	1,298,693
Long-term debt (Note 5)	**153,758,308**	97,442,148
Retained Earnings	**2,775,440**	1,758,210
	$160,446,733	$100,499,051

Approved on behalf of the Board:

Director

Director

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

THE MANITOBA OPPORTUNITIES FUND LTD.
Statement of Income, Comprehensive Income and Retained Earnings

For the year ended March 31	2008	2007
Investment Income	**$ 4,699,080**	$ 3,233,192
Expenses		
Amortization of deferred charges	**1,671,187**	1,173,897
Professional fees	**3,000**	4,156
Program administration	**78,150**	79,576
	1,752,337	1,257,629
Operating income for the year	**2,946,743**	1,975,563
Growing Through Immigration Strategy Support (Note 6)	**1,929,513**	1,216,580
Net income and comprehensive income for the year	**1,017,230**	758,983
Retained earnings, beginning of year	**1,758,210**	999,227
Retained earnings, end of year	**$ 2,775,440**	$ 1,758,210

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

THE MANITOBA OPPORTUNITIES FUND LTD.
Statement of Cash Flows

For the year ended March 31	2008	2007
Cash Flows from Operating Activities		
Net income for the year	**$ 1,017,230**	$ 758,983
Adjustments for		
Amortization of deferred charges	**1,671,187**	1,173,897
Increase in present value of long-term investments	**(4,163,818)**	(2,863,297)
	(1,475,401)	(930,417)
Changes in non-cash working capital balances		
Accrued interest receivable	**49,166**	(23,696)
Accounts payable and accrued liabilities	**717,006**	739,239
	(709,229)	(214,874)
Cash Flows from Investing Activities		
Purchase of long-term investments	**(43,730,420)**	(18,571,036)
Cash Flows from Financing Activities		
Advances from long-term debt	**54,171,131**	21,000,536
Increase in cash equivalents during the period year	**9,731,482**	2,214,626
Cash equivalents, beginning of period year	**10,154,715**	7,940,089
Cash equivalents, end of period year	**$ 19,886,197**	$ 10,154,715
Represented by		
Short-term investments	**$ 19,886,197**	$ 10,154,715

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

THE MANITOBA OPPORTUNITIES FUND LTD.
Summary of Significant Accounting Policies

March 31, 2008

Basis of Accounting

The company's financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.

Revenue Recognition

Interest revenue on short-term investments is recorded on an accrual basis. Investment income on long-term investments is determined by the difference in the present value of the term note and the cost of the term note.

Contributed Services

During the year, the Province of Manitoba provided office space and other administrative services to the company at no cost. Because of the difficulty of estimating the fair value of such expenses, no contributed services are recognized in the financial statements.

Deferred Charges

Deferred charges, which reflect the handling fee to be paid to the Government of Canada upon repayment of funds, are amortized over the five year term the related deposits are held.

Financial Instruments

The company utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from these financial instruments and the carrying amounts approximate fair values.

The fair values of cash and cash equivalents, accounts receivable and accounts payable approximate their carrying value because of their short-term maturity of these instruments. The fair value of long-term investments is estimated based on current rates assumed for similar government guaranteed debt of the same maturity. The fair value of long-term debt, including current portion, is estimated based on current rates assumed for similar investments and debt of the same maturity.

All transactions related to financial instruments are recorded on a trade date basis.

The company classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The company's accounting policy for each category is as follows:

Held-for-trading - This category is comprised of certain investments in short-term investments. They are carried in the balance sheet at the fair value with changes in fair value recognized in the income statement. Transactions costs related to instruments classified as held-for-trading are expensed as incurred. Fair values are determined directly by reference to published price quotations in an active market.

Financial Instruments (continued)

Loans and Receivables - These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They arise principally through the provision of goods and services (accounts receivable), but also incorporate other types of contractual monetary assets. They are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment.

Held-to-maturity Investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the company's management has the positive intention and ability to hold to maturity and comprises certain investments in debt securities. These assets are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment. Fair values are determined directly by reference to published price quotations in an active market.

Other Financial Liabilities - Other financial liabilities include all financial liabilities other than those classified as held-for-trading and comprises trade accounts payable and long-term debt. These liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method.

Other comprehensive income includes, in particular, unrealized gains and losses on available for sale financial assets and the change in the effective portion of a cash flow hedge transaction. The company had no other comprehensive income items for the year. Because the company has no items related to other comprehensive income, comprehensive income is equivalent to net income.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Recent Accounting Pronouncements

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the company, are as follows:

Capital Disclosures - CICA Handbook Section 1535, Capital Disclosures, requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative date about what the entity regards as capital and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such non-compliance. This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. The company is currently assessing the impact of the new standard.

Financial Instruments - Disclosures and Presentation - CICA Handbook Section 3862, Financial Instruments - Disclosure, increases the disclosures currently required to enable users to evaluate the significance of financial instruments for an entity's financial position and performance, including disclosures about fair value. CICA Handbook Section 3863, Financial Instruments - Presentation, replaces the existing requirements on the presentation of financial instruments, which have been carried forward unchanged. These standards are effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. The company is currently evaluating the impact of the adoption of these changes on the disclosure and presentation within its financial statements.

International Financial Reporting Standards - The CICA plans to converge Canadian GAAP with International Financial Reporting Standards ("IFRS") over a transition period expected to end in 2011. The impact of the transition to IFRS on the company's financial statements has yet to be determined.

1. Nature of Operations and Economic Dependence

The Manitoba Opportunities Fund Ltd. (the company) was incorporated under the laws of Manitoba on April 3, 2003. The company was formed due to the requirements of the Fund Agreement between the Minister of Citizenship and Immigration and the Manitoba Fund dated October 21, 2003 to function as an "approved fund" under the Immigrant Investor Program.

The object of the company is to hold and invest the Provincial allocation of immigrant's investments made through the Federal Department of Citizenship and Immigration Canada's (CIC) Immigrant Investor Program. The Federal Immigrant Investor Program seeks to attract experienced persons and capital to Canada. Investors must demonstrate business experience, a minimum net worth of CDN $800,000 and make an investment of CDN $400,000. The funds invested are distributed among participating Provinces. After five years, the company returns the Provincial allocation of the $400,000 investment, without interest, to the CIC who then returns the funds to the individual investors who have become permanent residents. However, prior to approval and issuance of a Permanent Resident's Visa an investor may withdraw from the program and CIC will request that the company repay the Provincial allocation of the individual investment at such time.

Manitoba, as a participating Province, through the company invests the Provincial allocation funds for a period of five years and uses the interest income generated on the funds to create jobs and help the Manitoba economy grow.

The company is economically dependent on the Province of Manitoba as the Province of Manitoba is liable for the long-term debt payable to the Federal Government.

2. Change in Accounting Policy

On April 1, 2007, the company retroactively adopted, without restatement of prior periods, CICA Handbook Section 1530, "Comprehensive Income", Section 3861, "Financial Instruments - Disclosure and Presentation", Section 3855, "Financial Instruments - Recognition and Measurement" and Section 3865, "Hedges". These new Handbook Sections provide comprehensive requirements of the recognition and measurement of financial instruments, as well as standards on when and how hedge accounting may be applied. Handbook Section 1530 also introduces a new component of equity referred to as accumulated other comprehensive income.

Under these new standards, all financial instruments, including derivatives, are included on the balance sheet and are measured either at fair market value or, in limited circumstances, at cost or amortized cost.

The adoption of these new standards had no material impact on the company's statement of income and retained earnings.

3. Short-term Investments

The short-term investments consist of 30 - 90 day deposit certificates held by the Province of Manitoba.

4. Long-term Investments

The long-term investments are made up of several 5 year zero coupon term notes which Manitoba Opportunities Fund Ltd. purchases on a monthly basis from the Province of Manitoba. The maturity dates range monthly from January 2009 to March 2012. The effective interest rates range from 3.25% to 4.60% payable at the end of the 5 year term.

The discount on the bonds are amortized over the 5 year term. The present value of the bond less the face value is recorded each year as interest income.

5. Long-term Debt

	2008	2007
Government of Canada	**$155,655,594**	$ 97,442,148
Current portion of long-term debts	**1,897,286**	-
	$153,758,308	$ 97,442,148

The long-term debt represents the Provincial allocation of immigrant's investments repayable to the Federal Government five years after the Federal Government has distributed these funds to the Manitoba Opportunities Fund Ltd. A handling fee is deducted prior to the funds being distributed to the Manitoba Opportunities Fund Ltd.

Principal repayments for the next five years are as follows:

2009	$ 1,897,286
2010	38,873,526
2011	33,918,052
2012	22,743,017
2013	58,223,713
	$155,655,594

6. Growing Through Immigration Strategy Support

Funds transferred to support the Growing Through Immigration Strategy are made up of the following, as approved by the Treasury Board:

	2008	2007
Business Settlement Office	$ 350,603	$ 210,343
Competitiveness, Training and Trade	233,392	-
Internationally Educated Engineers Qualification Program	157,800	120,000
Department of Labour and Immigration	990,233	827,100
Manitoba Agriculture, Food and Rural Initiatives	177,527	59,137
Manitoba Culture, Heritage, Tourism and Sport	19,958	-
	$ 1,929,513	$ 1,216,580

7. Related Party Transactions

The Fund paid $433,789 (2007 - $287,420) made up of program administration costs of $83,186 (2007 - $77,077) and Growing Through Immigration Strategy Support transfers of $350,603 (2007 - $210,343) to the Manitoba Development Corporation, which operates under control of a common Board of Directors.

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